CASH MANAGEMENT:

HOW AI CAN SUPPORT MANAGING FOREIGN EXCHANGE AND INTEREST RATE RISKS

CRAIG JEFFERY
Founder & Managing Partner,
Strategic Treasurer

WHAT
Considering how AI can enhance your cash management.

WHEN
Thursday, October 31, 2024
2:15 PM – 2:35 PM THA

WHERE
Live presentation at the 2024 IATA World Financial Symposium

STRATEGIC TREASURER

This presentation is provided by Strategic Treasurer for IATA

FOUNDATIONS OF AI

THE CONVERGENCE OF ADVANCEMENTS MAKING AI POSSIBLE

Computing power

- Complexity of algorithms
- Big data processing
- Real-time processing
- Simulation and modeling
- Scalability

Connectivity

- Access to data
- Data sharing
- Cloud computing
- Real-time interaction
- Enhanced user interaction

Big data

- Training and learning
- Complex pattern and correlation recognition
- Improved accuracy
- Complex problem solving
- Personalization and customization

Human readiness

- Awareness
- Understanding impact and implications
- Trust of AI
- Realistic expectations

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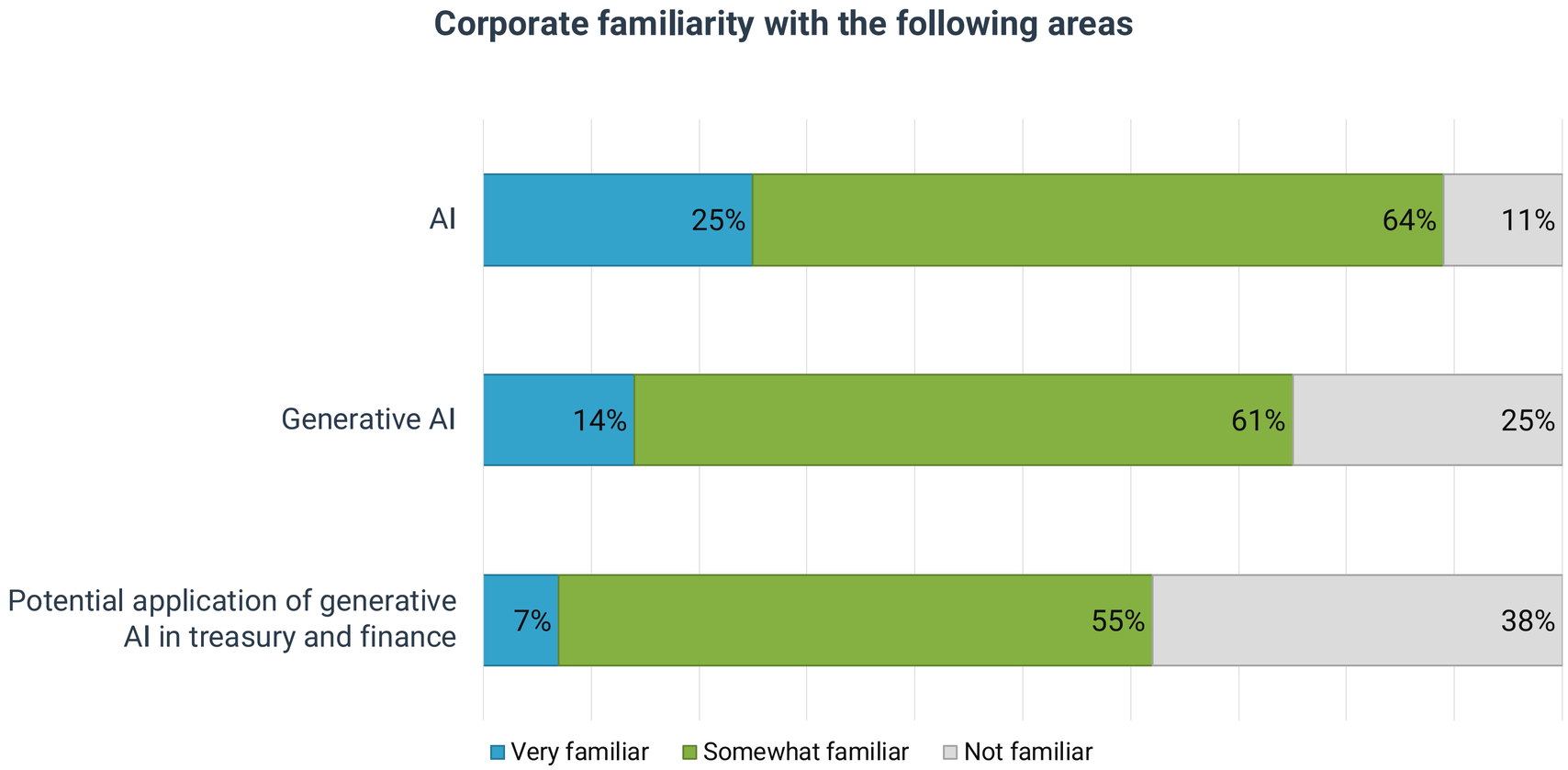
AWARENESS OF AI

ROOM FOR GROWTH IN RECOGNIZING POTENTIAL APPLICATION



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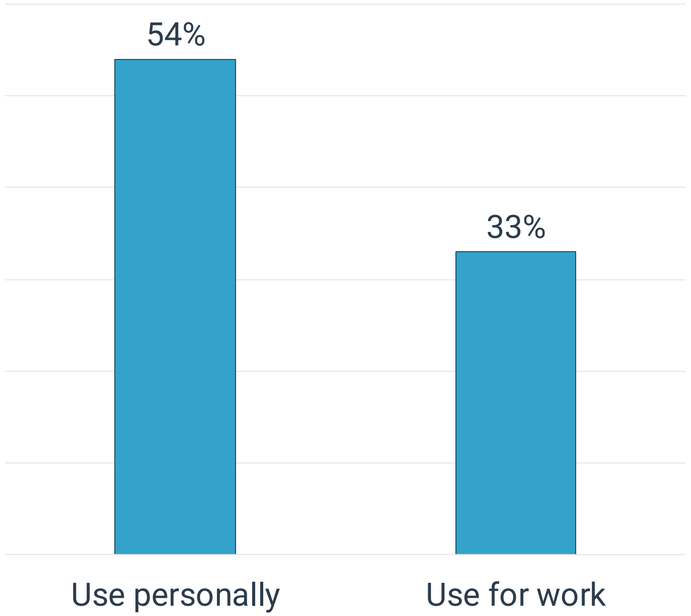
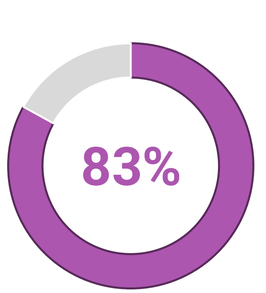
CORPORATE AI USE

CURRENT AND EXPECTED

Current corporate use of AI services (ChatGPT, Gemini, etc.)





83% of corporate respondents currently using AI expect their use of AI services to expand in the next 12 months

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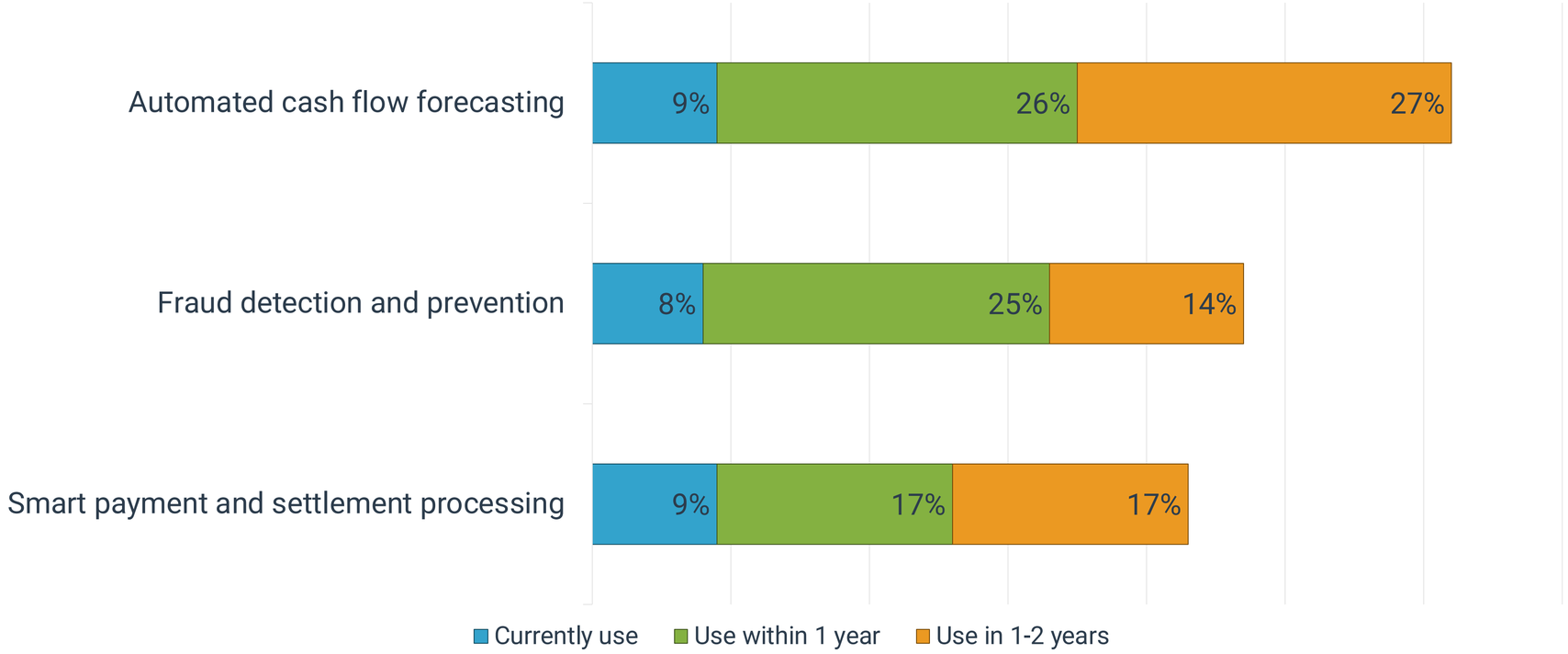
USES OF AI IN TREASURY

CURRENT AND PLANNED

Corporate current and planned use of AI in the following areas



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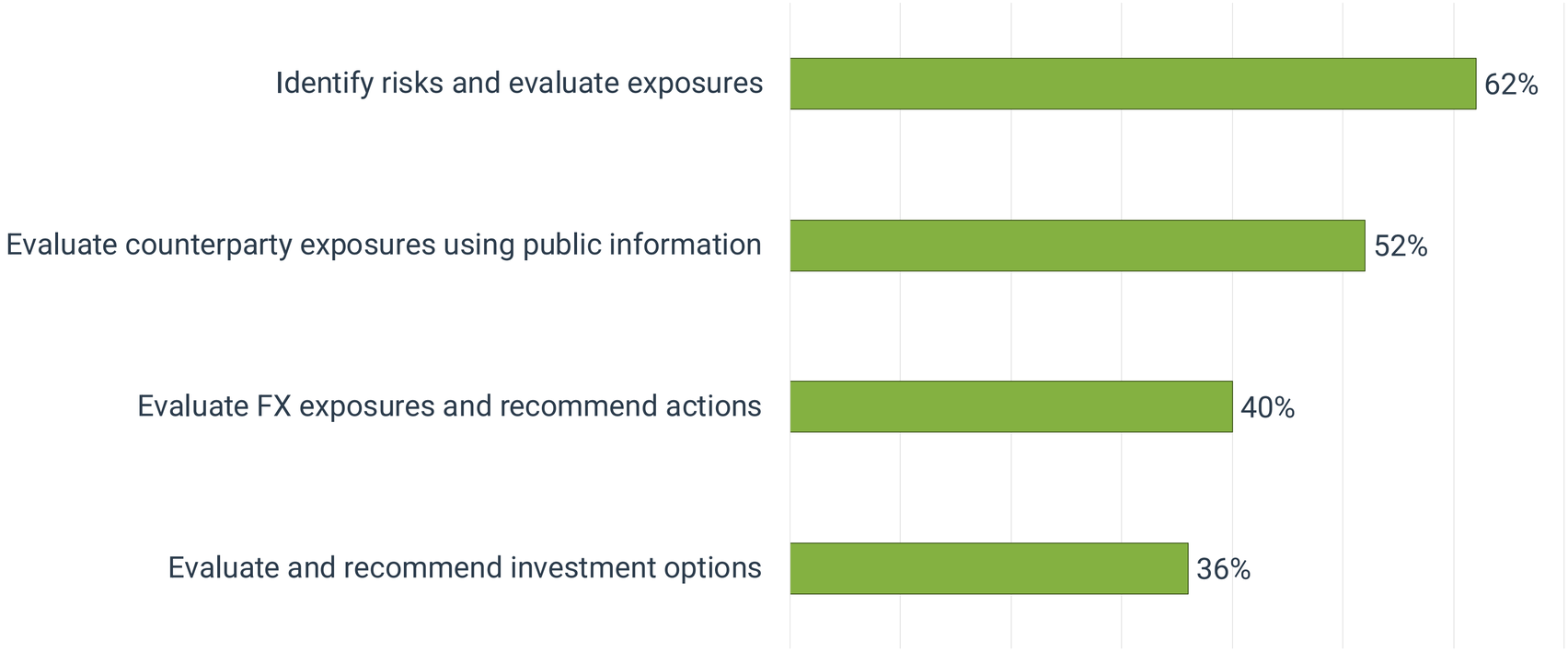
GENERATIVE AI

THE POTENTIAL IMPACT ACROSS KEY AREAS OF TREASURY

Corporate expected use of generative AI in the following areas



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AI-ENABLED PREDICTIVE ANALYSIS

BETTER ANTICIPATING CURRENCY FLUCTUATIONS AND INTEREST RATES

Data analysis and integration

- AI can aggregate and analyze diverse data sources, including historical market data, economic indicators, geopolitical events, and even social media

Machine learning models

- AI can identify patterns and correlations in historical data that might not be apparent through traditional analysis, then be trained to forecast future trends based on multiple variables

Scenario simulation

- AI can simulate numerous economic scenarios to assess potential impacts on currency and interest rates

Real-time monitoring

- AI tools can monitor market conditions in real time, alerting treasury teams to significant changes or emerging trends, enabling proactive decision-making rather than reactive responses

Risk assessment

- AI can enhance risk assessment by evaluating the potential impact of currency and interest rate fluctuations on the company's financial position, helping in formulating hedging strategies and optimizing cash management

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MANAGING RISK

AND WHERE ARTIFICIAL INTELLIGENCE CAN HELP

Risk framework	Risk positioning and quantification	Exposure/risk analysis and calibration	Action/trading execution	Reporting
• Risk pooling • Risk capacity • Risk tolerance	• FX • Borrowing • Interest rates • Intercompany • Direct/indirect	• Frequency • Magnitude • Impact • Degree of change • Aligning risk tolerance and exposures	• Plans • Cost/liquidity	• Analysis • Reporting and summarization
• Analysis of other companies' plans, actions, and decisions	• Risk identification • Predictive analysis • Anomaly detection • Scenario analysis	• Forecasting • Modeling • Volatility • Risk scoring	• Modeling • Trade optimization	• Automated report generation • Data visualization

Where AI can help

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KEY TAKEAWAYS

IDEAS AND POINTS TO BRING BACK TO THE OFFICE

GET STARTED

- Personal
  - Gain experience
- Business
  - Pilot at work
  - Don’t lag behind your peers or the criminals

DEVELOP FRAMEWORKS

- Liquidity management
- Scenario planning
- Risk management

EVALUATE

- Areas of use
- Opportunities
- Risks
- Rewards

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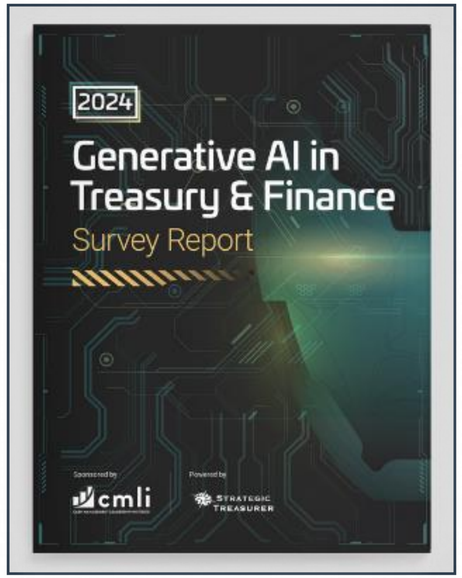
LET’S CONNECT

STRATEGIC TREASURER

Craig A. Jeffery,
Managing Partner

craig@strategictreasurer.com

strategictreasurer.com



Download the Generative AI in Treasury and Finance Survey Report

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#GOSTRATEGIC

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APPENDIX

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UNDERSTANDING THE AI SPACE

TERMS THAT MATTER

Artificial intelligence (AI)

Machines or intelligent systems that mimic human behavior to perceive, reason, learn and make decisions

Machine learning (ML)

Learns patterns from data to make predictions or decisions without having to be programmed

Generative AI

Leverages machine learning to create new content

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OPPORTUNITIES

POTENTIAL USE CASES

- Forecasting/modeling
- Complex data analysis and decisions
- Risk identification
- Automation of tasks (payment processing)
- Content generation (written)
- Fraud detection and payment security
- Summaries (meetings, documents, etc.)

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